

**House Insurance Reported Substitute for HB296**

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5 A BILL

6 TO BE ENTITLED

7 AN ACT

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9 Relating to consumer protection; to establish the
10 Rental Home Marketplace Guarantees Act; to define and regulate
11 rental home marketplace guarantees; to provide administration,
12 registration, and enforcement duties upon the Commissioner of
13 Insurance; and to provide for financial penalties for
14 violations of the act.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. This act shall be known and may be cited as
17 the Rental Home Marketplace Guarantees Act.

18 Section 2. As used in this act, the following terms
19 have the following meanings:

20 (1) COMMISSIONER. The Alabama Commissioner of
21 Insurance.

22 (2) PERSON. An individual, partnership, corporation,
23 incorporated or unincorporated association, joint stock
24 company, syndicate, or any similar entity or combination of
25 entities acting in concert.

26 (3) PLATFORM CONTRACT HOLDER. A platform user who is
27 the beneficiary or holder of a rental home marketplace
28 guarantee.



House Insurance Reported Substitute for HB296

29 (4) PROVIDER. A rental home marketplace doing business
30 in this state or an affiliate or representative of the rental
31 home marketplace that issues, offers, or administers a rental
32 home marketplace guarantee either directly or through a third
33 party.

34 (5) REIMBURSEMENT INSURANCE POLICY. A policy of
35 insurance issued to a provider that states that the insurer
36 will cover all liabilities and duties under the rental home
37 marketplace guarantee if the provider defaults or fails to
38 perform.

39 (6) RENTAL HOME MARKETPLACE. A person who meets all of
40 the following criteria:

41 a. Provides an online application, software, website,
42 system, or other medium through which a property is advertised
43 or is offered to the public as available in this state and
44 that connects platform users to enable them to share property.

45 b. Provides, directly or indirectly, or maintains an
46 online platform by performing any of the following:

47 1. Transmitting or otherwise communicating the offer or
48 acceptance of a transaction between two platform users.

49 2. Owning or operating the electronic infrastructure or
50 technology that brings two or more platform users together

51 3. If engaged in the offering of rental home
52 marketplace guarantees, does so only in a manner that is
53 ancillary to the conduct of its primary legitimate business or
54 activity.

55 c. Is not a local or state governmental entity.

56 d. Does not maintain a principal place of business in

**House Insurance Reported Substitute for HB296**

57 this state.

58 (7) RENTAL HOME MARKETPLACE GUARANTEE. A contract or
59 agreement issued in connection with a rental home marketplace,
60 whether or not for separate consideration, to reimburse a user
61 sharing property for any damages for which the renter is
62 responsible under the rental home marketplace's terms of
63 service, with or without additional provisions for incidental
64 payment of indemnity for related damages.

65 Section 3. (a) A rental home marketplace guarantee
66 shall not be issued or offered in this state unless the
67 provider has made the rental home marketplace guarantee terms
68 available on the provider's website and has complied with this
69 act.

70 (b) No later than March 1, 2027, or prior to commencing
71 offering rental home marketplace guarantees, providers of
72 rental home marketplace guarantees offered in this state shall
73 file a registration with the commissioner on a form and at a
74 fee prescribed by the commissioner. Fees collected pursuant to
75 this section shall be deposited in the State Treasury to the
76 credit of the Insurance Department Fund.

77 (c) No later than July 1, 2027, or prior to commencing
78 offering rental home marketplace guarantees, each provider
79 must obtain and maintain a reimbursement insurance policy
80 issued by an insurer authorized to transact insurance in this
81 state or written pursuant to Chapter 10 of Title 27.

82 Section 4. Rental home marketplace guarantees do not
83 constitute insurance and are not required to comply with any
84 provision of the insurance laws of this state except as

**House Insurance Reported Substitute for HB296**

85 provided in this act.

86 Section 5. (a) Reimbursement insurance policies
87 insuring rental home marketplace guarantees offered in this
88 state shall clearly state that, upon default or nonperformance
89 of the provider under the rental home marketplace guarantee,
90 the insurer that issued the policy shall pay on behalf of the
91 provider any sums the provider is obligated to pay according
92 to the rental home marketplace guarantee.

93 (b) A reimbursement insurance policy shall be subject
94 to the laws and regulations governing termination and
95 nonrenewal of insurance policies in this state. The
96 termination of a reimbursement insurance policy shall not
97 reduce the issuer's responsibility for rental home marketplace
98 guarantees issued by providers before the effective date of
99 the termination.

100 (c) A provider is the agent of the insurer that issued
101 the reimbursement insurance policy. The insurer may seek
102 reimbursement from the provider for any payments made to a
103 platform contract holder which the provider was initially
104 obligated to pay. This act does not prevent or limit that
105 right.

106 Section 6. (a) Rental home marketplace guarantees
107 offered in this state shall include a statement in
108 substantially the following form: "This rental home
109 marketplace guarantee is not an insurance contract."

110 (b) Rental home marketplace guarantees shall contain a
111 statement in substantially the following form: "A
112 reimbursement insurance policy backs obligations of the

**House Insurance Reported Substitute for HB296**

113 provider. If the provider is unable or fails to perform on its
114 contractual obligation under a rental home marketplace
115 guarantee within 180 days after proof of loss has been filed,
116 a platform user is entitled to make a claim directly against
117 the insurance company, subject to the terms of the policy."

118 (c) Rental home marketplace guarantees shall be written
119 in clear, understandable language and shall specify the terms,
120 limitations, exceptions, conditions, or exclusions, including
121 conditions governing transferability or termination.

122 (d) In connection with the offer or advertisement of a
123 rental home marketplace guarantee, a provider shall not make,
124 permit, or cause to be made any false or misleading statement
125 or deliberately omit any material statement that would be
126 considered misleading if omitted.

127 Section 7. (a) The commissioner may conduct
128 investigations of providers or other persons to enforce this
129 act and protect platform contract holders in this state. Upon
130 the commissioner's request, the provider shall make all
131 accounts, books, and records concerning rental home
132 marketplace guarantees sold in this state by the provider
133 available to the commissioner, which are necessary to enable
134 the commissioner to determine compliance or noncompliance with
135 this act.

136 (b) Investigations conducted by the commissioner shall
137 be pursuant to the same examination authority of the
138 commissioner relative to insurers as provided in Chapter 2 of
139 Title 27, Code of Alabama 1975, and investigation expenses
140 shall be processed as examination expenses in accordance with

**House Insurance Reported Substitute for HB296**

141 Section 27-2-25, Code of Alabama 1975, which may be presented
142 periodically during the investigation or at the end of the
143 investigation, as the commissioner deems appropriate.

144 (c) The commissioner may take action that is necessary
145 or appropriate to enforce this act and the commissioner's
146 regulations and orders, and to protect platform contract
147 holders in this state.

148 (d) If a provider has violated this act or the
149 commissioner's regulations or orders, the commissioner may
150 issue an order directed to that provider: (i) to cease and
151 desist from committing violations of this act or the
152 commissioner's regulations or orders; (ii) to prohibit the
153 selling or offering for sale rental home marketplace
154 guarantees in violation of this act; (iii) to impose a civil
155 penalty; or (iv) any combination of the foregoing.

156 (e) A provider negatively impacted by an order issued
157 under subsection (d) may request a hearing before the
158 commissioner. The hearing request shall be filed with the
159 commissioner no more than 20 days from the effective date of
160 the commissioner's order.

161 (f) If a hearing is requested, the effective date of
162 the order is automatically suspended until the hearing is
163 complete and the commissioner has reached a final decision.

164 (g) A provider shall have the same rights as insurers
165 to request a hearing in accordance with Article 1 of Chapter 2
166 of Title 27, Code of Alabama 1975, and to appeal as provided
167 in Section 27-2-32, Code of Alabama 1975.

168 (h) The commissioner may bring an action in the Circuit

**House Insurance Reported Substitute for HB296**

169 Court of Montgomery County, Alabama, for an injunction or
170 other appropriate relief to enjoin threatened or existing
171 violations of this act or of the commissioner's orders or
172 regulations. An action filed under this section may also seek
173 restitution on behalf of providers negatively impacted by a
174 violation of this act or orders or regulations of the
175 commissioner.

176 (i) A provider who is found to have violated this act
177 may be ordered to pay to the commissioner a civil penalty in
178 an amount determined by the commissioner of not more than five
179 hundred dollars (\$500) per violation and no more than ten
180 thousand dollars (\$10,000) in the aggregate for all violations
181 of a similar nature. For purposes of this section, violations
182 shall be of a similar nature if the violation consists of the
183 same or similar course of conduct, action, or practice,
184 regardless of the frequency of the specific act.

185 Section 8. The commissioner may adopt regulations to
186 implement this act.

187 Section 9. This act shall become effective on October
188 1, 2026.